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Apache Executive's Departure Sparks Worst Rout Since 2016 (2)

- **Oil producer's vaunted worldwide exploration chief resigns**
- **Steven Keenan was hand-picked to join Apache after EOG success**

By Rache Adams- eard

(B oomberg) The h gh prof e geo og st ead ng one of Apache Corp.'s most mportant exp orat on ventures has stepped down. The company's shares and bonds tumb ed, and the cost to nsure aga nst defau t surged.

Steven Keenan, Apache's sen or v ce pres dent of wor dw de exp orat on, res gned two days ago, company spokesman Ph West sa d n an ema on Fr day. The geo og st's departure may fue concerns about the fate of Apache's search for crude n Sur name, ad acent to an Exxon Mob Corp. d scovery that's one of the wor d's b ggest f nds n years.

"Mr. Keenan's res gnat on s not connected to Sur name," West sa d. "The dr b t s st above the f rst target zone n the Sur name we ."'

Steven Keenan

Source: Apache

Apache may prov de an update on the progress of ts exp oratory efforts across the 1.4 m on acre offshore tract known as B ock 58 as soon as Oct. 30, when the Houston based company s schedu ed to report th rd quarter resu ts.

The shares fe as much as 11% on Fr day for the b ggest ntraday drop s nce January 2016. The stock was down 5.6% to $21.93 at 1:34 p.m.

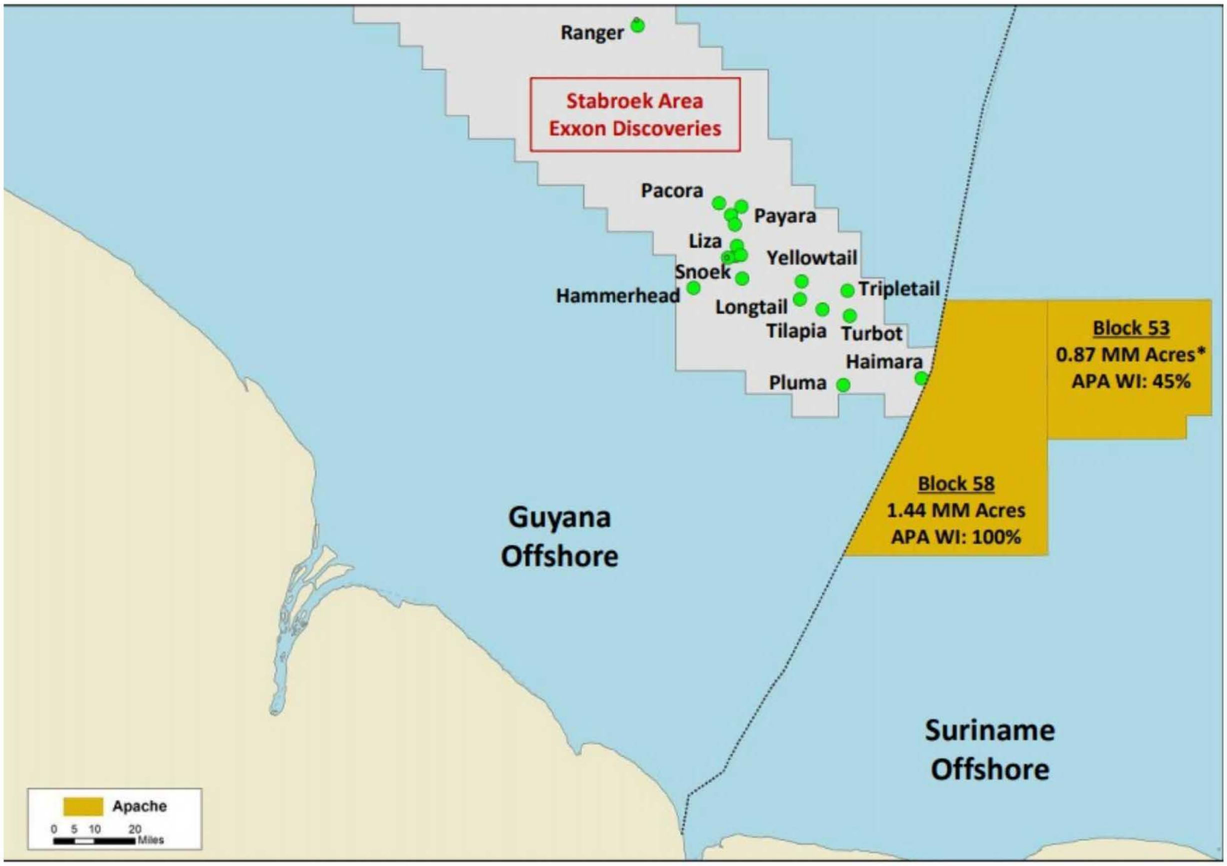
The cost to nsure aga nst an Apache defau t umped to the h ghest s nce August 2016. F ve year cred t defau t swaps t ed to the company were among the worst performers n the nvestment grade CDS market, w den ng to as much as 31 bas s po nts on a day when the overa market t ghtened by 1.2 bas s po nts.

'Investment Case'

The y e d on Apache's most act ve y traded bond, 4.375% notes that mature n 2028, w dened by 21 bas s po nts, accord ng to Trace, and were among the most act ve y traded notes n the nvestment grade market.

As recent y as ast week, Bank of Amer ca Merr Lynch touted the Sur name prospect as potent a y game chang ng for Apache.

It "has potent a to reset the nvestment case," Merr Lynch's veteran o ndustry ana yst Doug Leggate sa d n an Oct. 18 note to c ents. On the strength of that thes s, Leggate upgraded h s rat ng on the stock and sa d a s ng e good we cou d trans ate nto a $6 a share benef t for Apache.



*Gross acres

Keenan was hand p cked by Apache's then Ch ef Execut ve Off cer Steve Farr s n 2014 to rep cate the dramat c d scover es he oversaw for EOG Resources Inc. n the Eag e Ford sha e bas n n South Texas.

Not ong after he o ned Apache, the company announced ts A p ne H gh d scovery n a tt e dr ed corner of the Perm an Bas n n We t Texas. At the t me, the company sa d the p ay he d 3 b on barre s of crude and 75 tr on cub c feet of gas.

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But Apache's stock has underperformed r va producers s nce t f rst touted the A p ne H gh f nd, wh ch turned out to be far r cher n gas than more va uab e crude.

(Adds t m ng of exp orat on ch ef's departure n second paragraph)

W th ass stance from Kr t Gupta and E zabeth Rembert.

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